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AFSCME Local 152, AFL-CIO

City Council City and County of Honolulu

Testimony by
HGEA/AFSCME, Local 152, AFL-CIO
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BILL 12 (2006) – RELATING TO LIMITS
ON REAL PROPERTY TAXATION

The Hawaii Government Employees Association, AFSCME, Local 152, AFL-CIO opposes the purpose and intent of Bill 12 (2006) – Relating to Limits on Real Property Taxation. This bill establishes a new way of setting real property taxes to provide greater stability in real property taxes for property owners and the city. It attempts to limit tax increases to the consumer price index for all urban consumers. We agree there is a need to provide property tax relief for Oahu property owners. However, property tax relief should be targeted to alleviate the tax burden for those who can least afford the recent increases in real property valuations.

We strongly oppose bills with property tax limitations, such as those in Bill 12 (2006). Such limitations carry ramifications that extend well beyond the problem they claim to address. Typically, they lead to long term inequities in property taxes paid by similarly situated households and may encourage additional commercial development. Moreover, such limits often lead to greater than expected reductions in vital public services, including road maintenance, parks, police and fire protection. Since property taxes remain the single most significant source of revenue for the City and County of Honolulu, we must not overreact to recent short-term changes in property tax values by endorsing permanent restrictions in property taxes, which will result in public service cuts, increasing other taxes, or both.

The City and County needs an adequate revenue stream to deliver quality public services to the people of Oahu, maintain an aging infrastructure and pay an increasing amount of debt service from the operating budget. It is also important to remember that property tax increases and declines are cyclical. Therefore, targeted property tax relief avoids sharp reductions for locally provided public services when property values drop, which they inevitably will. Thank you for the opportunity to testify in opposition to Bill 12 (2006).

Respectfully submitted,


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Deputy Executive Director

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